



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DIVISION OF BOND FINANCE
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May 9, 2002

The Honorable Douglas Henry, Chairman
Senate Finance, Ways and Means Committee
11 Legislative Plaza
Nashville, Tennessee 37243

and

The Honorable Matthew Kisber, Chairman
House Finance, Ways and Means Committee
33 Legislative Plaza
Nashville, Tennessee 37243

Dear Chairmen:

Pursuant to Section 9-4-5202, Tennessee Code Annotated, the State Funding Board secures a report of the estimated growth rate of the State's economy for the coming fiscal year from The University of Tennessee's Center for Business and Economic Research. A copy of this report dated May 8, 2002 is attached. This estimate is based on the projection of growth of personal income contained within the broader economic forecast derived from the Tennessee Econometric Model. A detailed discussion of the forecast is provided in the Economic Report to the Governor, dated January 2002. This report currently can be found on UT-CBER's website [<http://cber.bus.utk.edu/erg/erg2002.pdf>]

The statute directs the Board to determine the reasonableness of the estimated growth rate. In order to reach a conclusion as to reasonableness, the Board met on May 8, 2002, to discuss the estimate and the economic forecast from which it was derived. The Board was assisted in the effort by a staff paper dated April, 2002, prepared by Dr. Daniel Cohen-Vogel, Staff Economist, and Mr. Richard Gurley, Legislative Research Analyst, with the Office of Research of the Comptroller of the Treasury. This staff analysis, attached for your information, sought to explore the economic and federal budgetary assumptions underlying the Center's authoritative economic projection sources. The meeting was also attended by Dr. William Fox of the Center, who presented the forecast in the Economic Report for the U.S. and Tennessee economies. The staff analysis, Dr. Fox's presentation at the meeting, and Dr. Fox's report on the estimated growth rate currently can be found on the Comptroller's website under "Economic and Business News". [<http://www.comptroller.state.tn.us/econbus.htm>]

After carefully reviewing the report and staff paper and discussing the forecast with Dr. Fox, the Board has directed me to convey to you our determination. The Board finds that the estimate of reasonable growth rate in Tennessee nominal personal income determined at 4.2% is reasonable.

Also, attached is a list of state tax and non-tax revenue sources as approved by the State Attorney General as of March 28, 2002.

Sincerely,



John G. Morgan, Secretary
Tennessee State Funding Board

Attachments
JGM:avb

The list below identifies tax and non-tax revenue sources existing as of March 28, 2002, and is approved by the Attorney General and Reporter pursuant to the provisions of Tenn. Code Ann. § 9-4-5202:

Tax Revenue Sources

1. Sales and Use Tax
2. Gasoline Tax
3. Diesel Tax
4. Special Privilege Tax on Petroleum Products
5. Export Tax on Petroleum Products
6. Environmental Assurance Fee
7. Highway User Fuel Tax
8. Alternative Fuels Tax (Liquefied Gas Tax & Compressed Natural Gas Tax)
9. Income Tax
10. Recordation Tax
11. Privilege Taxes
12. Litigation Tax
13. Gross Receipts Taxes
14. Beer Taxes
15. Alcoholic Beverage Taxes
16. Franchise Tax
17. Excise Tax
18. Inheritance, Gift and Estate Tax
19. Tobacco Tax
20. Motor Vehicle Title and Registration Fees
21. Mixed Drink Tax
22. Business Tax
23. Occupational Privilege Tax
24. Severance Taxes
25. Vending Machine Tax
26. Insurance Premiums Tax
27. Coin Operated Amusement Tax
28. Tire Predisposal Fee
29. Used Oil Tax
30. Car Rental Surcharge
31. Bail Bond Tax

Mixed Fee and Tax Revenue Sources

32. Regulatory Fees and Tax Collections from:
 - a. Department of Commerce and Insurance
 - b. Department of Financial Institutions
 - c. Wildlife Resources Agency

- d. Department of Health
- e. Department of Agriculture
- f. Regulatory Board Fees
- g. Tennessee Regulatory Authority
- h. Secretary of State
- i. Department of Safety
- j. Department of Human Services
- k. Department of Labor
- l. Department of Revenue
- m. Department of Environment and Conservation
- n. Tennessee Bureau of Investigation
- o. Department of Transportation
- p. Other State Departments, Agencies and Boards

Non-Tax Revenue Sources

- 33. Court Fines & Penalties Reported to:
 - a. Wildlife Resources
 - b. Department of Health
 - c. Tennessee Regulatory Authority
 - d. Department of Safety
 - e. Department of Environment and Conservation
 - f. Other State Departments, Agencies and Boards
- 34. Treasury Earnings
- 35. Departmental Revenues for Current Services
- 36. Federal Funds
- 37. Proceeds of State Bonds and Notes
- 38. Gifts and Donations
- 39. Payments in Lieu of Taxes

Approved:



PAUL G. SUMMERS
Attorney General and Reporter
State of Tennessee